



Internal Revenue Service

Small Business and Self-Employed

Taxpayer Education and Communication

Electronic Filing and Payment Lesson 4



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IRS *e-file* for Business





Employment Tax *e-file* Benefits

Convenient

- **Electronic Acknowledgment within 48 hours**
- **Tax preparation software**
 - **Performs calculations**
 - **Highlights needed forms and schedules**

Fast

- **Information quickly available to IRS Customer Service sites**
- **Processing time reduced to one week or less**



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More *e-file* Benefits

Accurate

- **Fewer risks of transcription errors**
- **Error rates are less than one percent**

Safe

- **Tax information is secure**
- **Only authorized users have access to the system**



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IRS *e-file* for Employment Taxes

Filing Methods

- **940/941 Employment Tax *e-file* System**
- **941 TeleFile**



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Form 940/941 Employment Tax *e-file* System

- **Form 940 -Employer's Annual Federal Unemployment (FUTA) Tax Return**
- **Form 941 - Employer's Quarterly Federal Tax Return (include Schedule B, if required)**



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Form 1065 *e-file*

Form 1065 *e-file* - U.S. Return of Partnership Income

- Includes Schedules K-1
- Accepts 63 related Forms and Schedules
- Required for partnerships with more than 100 partners

Benefits:

- Electronic acknowledgement of return receipt within two days
- Less Paper
- Reduced costs
- Improved accuracy and product quality



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Registration for 940/941 Employment Tax *e-file* System

- **Complete Form 9041 - Application/Registration for Electronic/Magnetic Media Filing Of Business Return**
- **Submit at least 60 days in advance of *e-file* date**
- **Not necessary if you use an approved IRS *e-file* for Business Provider**



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Form 941 TeleFile

- **Filed by touch-tone telephone**
- **Available to employers meeting special criteria**
- **941TeleFile package is automatically mailed to eligible employers each quarter**



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Future *e-file* Business Products

- **Form 1120/1120S - 2004**
- **Form 1041 - Migration to *e-file***
- **Form 990 - Development Stages**



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Form 1120/1120S

- **Planned Release January 2004**
- **Supports 53 forms and schedules**
- **Fed/State Implementation 2005**
- **Transaction-Based System: returns will be processed as they are received**



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www.irs.gov/smallbiz

- **IRS *e-file* providers and Partners page**
- **Provider and Partner listings updated frequently as new ones are added**



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IRS *e-file* for Business Summary

- **E-efficient – Increased accuracy**
- **E-effective – Spend less time filing tax returns and more time focused on business**
- **E-economical – Less paperwork**



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EFTPS

The Quick and Easy Way to Pay Federal Taxes





What is EFTPS?

Electronic Federal Tax Payment System Options:

- **EFTPS - Direct**
 - **EFTPS - OnLine**
 - **EFTPS - PC Software**
 - **EFTPS – Phone**
- **EFTPS - Through a Financial Institution**



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EFTPS Features and Benefits

- **Available 24 hours a day, 7 days a week**
- **Takes only minutes to make a payment**
- **More accurate way to make and track your tax payments**
- **Reduces costs to the government**



Required Use of EFTPS

EFTPS required when....

- **Federal tax liability reaches \$200,000 in any given year**
- **Begin using EFTPS in the second succeeding year**



Enrolling in the EFTPS

- **Enroll online (www.eftps.gov) or**
- **Complete a paper enrollment form**
 - **Form 9779 for businesses**
 - **Form 9783 for individuals**



Information Needed to Enroll

- **Taxpayer Identification Number**
 - **EIN for businesses**
 - **SSN for individuals**
- **Name (as it appears on IRS documents)**
- **Financial Institution information**
 - **Routing Number of financial institution**
 - **Account Number**



Enrollment Process

- **10-15 days - receive a Confirmation Package with Payment Instruction Booklet**
- **Separately receive a Personal Identification Number (PIN)**
- **For EFTPS - OnLine get an Internet Password**
 - **Instructions for getting the Internet Password are in the Confirmation Package.**



Making EFTPS Payments

- Access EFTPS by Internet, PC software or phone and follow the prompts
- Enter
 - Tax ID (EIN or SSN)
 - PIN + Internet Password (if online)
 - Tax Form and Tax Type
 - Amount
 - Tax Period
 - Settlement date



Making EFTPS Payments cont'd

- **Confirm information**
- **Complete payment transaction**
- **Record EFT Acknowledgement Number or print out Confirmation Page online**
- **Check payment history through EFTPS - OnLine to see when payment was made**



Practice Using EFTPS by Phone

- **Practice making a payment by phone using the EFTPS Tutorial System**
- **Instructions included in Payment Instruction Booklet**
- **Every EFTPS transaction gets an EFT Acknowledgement Number or Enrollment Trace Number for tracking purposes**



Payment Scheduling

- **Business Taxpayers**
 - Schedule tax payments up to 120 days in advance of due date
- **Individual Taxpayers**
 - Schedule tax payments up to 365 days in advance of tax due date
- Cancel or change scheduled payments up to **2 business days** in advance of payment date



Payment History

EFTPS – Direct

- **Access the last 120 days' payments by**
 - **Going online**
 - **Calling EFTPS Customer Service**

EFTPS – Through a Financial Institution

- **Go online to check on the payments made by your financial institution**



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Customer Service

- **EFTPS - OnLine (only)**
 - **1-877-511-4899 (North)**
 - **1-800-555-8778 (South)**
- **EFTPS general**
 - **1-800-945-8400 (North)**
 - **1-800-555-4477 (South)**



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Who Can Use EFTPS?

- Available to any business
- Ideally suited for individual taxpayers making quarterly Form 1040ES payments
- Tax professionals can use EFTPS for:
 - Online payments (single payments)
 - Phone payments
 - EFTPS PC software
 - Batch Filer software
 - Bulk Filer (EDI capabilities)



Who Should Use EFTPS?

EFTPS is ideal for...

- **Businesses with employees (Form 940/941)**
- **Small businesses where only one or two people sign checks**
- **Businesses with multiple TINs**
- **Sole proprietors (Form 1040 Schedule C)**
- **Practitioners with multiple clients (individuals and businesses) for whom they prepare returns and tax payments**



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What Taxes Can Be Paid?

- **All federal business taxes**
 - Including 1120 year-end taxes if there is a balance due
- **All individual federal taxes**
 - Especially useful for taxpayers making quarterly estimated tax payments



EFTPS Benefits Summary

- **Free**
- **Easy to use, convenient, accurate and fast -- available 24/7**
- **Taxpayer is in total control of making payments**
- **Acknowledgement of every transaction**
- **Using EFTPS does not transmit bank account information to the IRS**



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Need More Information?

- **Publication 966 – Now a Full Range of Electronic Choices to Pay All Your Federal Taxes**
- **Publication 3959 – EFTPS CD ROM for Taxpayers (Business and Individual)**
- **Form 9779 – EFTPS Business Enrollment Form**
- **Website: www.eftps.gov**
- **1-800-829-4933 -- Business and Specialty Tax Line**